

**THE HONORABLE BOB GOODLATTE
CHAIRMAN
COMMITTEE ON AGRICULTURE**

**REVIEW OF THE STATUS OF THE WORLD TRADE
ORGANIZATION NEGOTIATIONS ON AGRICULTURE**

MAY 21, 2003

On behalf of the Committee I welcome our distinguished witnesses.

Secretary Veneman and Ambassador Zoellick, we are honored to have you both appear before this Committee to discuss issues related to agricultural trade and the WTO negotiations. I particularly want to thank you both for your work in taking the WTO action on the European Union moratorium on agricultural biotechnology products.

It is fitting that the Committee is holding this hearing in the week that President Bush proclaimed to be World Trade Week. As the President said in the proclamation...“Trade injects new energy and vitality into the global economy by fostering the exchange of ideas and innovations among people around the world.” American agriculture knows the benefits of free and fair trade.

For American farmers and ranchers, trade is an essential part of their livelihood. One in three acres in the United States is planted for export and U.S. agricultural exports account for 25% of U.S. farm income.

U.S. farmers and ranchers produce much more than is consumed in the United States, therefore exports are vital to the prosperity and success of U.S. farmers and ranchers.

USDA reported that agricultural exports for 2002 were more than \$53 billion, up from a low of \$49 billion in 1999, but still below the 1996 peak of \$60 billion.

Our agriculture trade balance for 2002 is estimated to be \$12 billion, a positive figure but one that is lower than for some periods in the past.

U.S. agricultural markets are open to imports and our tariffs are low--- agricultural tariffs worldwide average about 62%, while U.S. agricultural tariffs are 12%. It is to the advantage of U.S. agriculture that we continue to open markets and remove barriers to our agriculture exports.

The WTO negotiations offer an opportunity for the United States, an opportunity to increase agricultural exports. U.S. goals for these negotiations are to decrease and harmonize tariffs, eliminate export subsidies and reduce and harmonize trade distorting domestic support policies.

American farmers and ranchers recognize the necessity of exports for their success. However, confidence in trade agreements and agriculture's place in those agreements is weak. The reasons why include the beef hormone WTO decision affecting U.S. exports to the European Union and enforcement of the provisions agreed to in negotiations over China's accession to the WTO. Greater access to these markets has been elusive, despite promises made.

Problems are occurring in the midst of negotiations on Russia's accession to the WTO---especially for U.S. and Virginia poultry products.

Now we see the current problem of access to Mexico for our agriculture products. Several agricultural organizations advised the Committee of problems with trade with Mexico and also recently wrote to President Bush. They believe that Mexico is effectively renegotiating NAFTA through questionable methods that restrict trade, or threaten to restrict trade, for such U.S. products as rice, pork, apples, poultry, corn, dry edible beans, high fructose corn syrup and beef.

I am concerned about the problems with agricultural trade with Mexico and its efforts to restrict U.S. exports. I am also concerned about the waning confidence that U.S. agriculture has in trade agreements and the negotiations for such agreements.

Our two distinguished witnesses will address these issues and provide the Committee with information regarding the status of WTO negotiations.

It is essential that the voices of America's farmers and ranchers are heard in the WTO negotiations and that U.S. agriculture is a full partner in all negotiations.